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SUNTRUST

January 28, 2004

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, D.C. 20551

Re: Docket Nos. R-1167, R-1168, R-1169, R-1170 & R-1171

Dear Ms. Johnson,

SunTrust Banks, Inc. (SunTrust) submits this letter in response to the Board's request for comment on proposed changes to Regulations B, E, M, Z and DD regarding the clear and conspicuous presentation of consumer disclosures.

SunTrust is a diversified commercial banking organization headquartered in Atlanta, Georgia. As of December 31, 2003, SunTrust had total assets of $125.4 billion and total deposits of $81.2 billion. The company operates through an extensive distribution network primarily in Florida, Georgia, Maryland, Tennessee, Virginia and the District of Columbia, and also serves customers in selected markets nationally. SunTrust's primary businesses include deposit, credit, trust and investment services. Through various subsidiaries, the company provides credit cards, mortgage banking, insurance, brokerage and capital markets services.

The proposed changes, which are very similar in concept among the various regulations but substantially different in effect, would establish a requirement that the consumer disclosures mandated by these regulations must be reasonably understandable and presented in a manner that is designed to call attention to the disclosures. In principle these are commendable objectives, and SunTrust strives to meet these standards in all its communications with customers. However, for the reasons set forth below, SunTrust opposes these rule changes.

Lack of Clear Standards Increases Litigation Risk: We are concerned that the proposed requirements are extremely subjective and provide no safe-harbors. The proposed rules describe the attributes that the disclosures should have, using terms such as "clear, concise sentences" and "definite, concrete, everyday words", but do not provide any bright-line tests that would ensure compliance. As a result, even with the most conspicuous of disclosures, these rules would be an open invitation to challenge and expensive litigation, likely subjecting entities subject to these regulations to significant legal expense even if they ultimately prevailed in court. In today's litigious environment, many suits are brought against such entities without good-faith merit and merely for the purpose of delay or extrication from a situation no longer desired; these proposals would greatly widen that already open door. It is clear that the cost of such increased risk and exposure would necessarily be passed on to consumers by these entities.

No Evidence of Abuses: The releases do not provide any data to support a conclusion that an inadequate level of prominence or clarity of required disclosures is currently harming consumers. While some entities may have been charged with failure to provide them entirely, there are already protections in place to prevent or rectify such practices, and that is not the thrust of these proposals. In our own experience we have seen few, if any, allegations by customers that the required disclosures were either unclear or insufficiently conspicuous. Indeed, the only complaint of this nature that we ordinarily hear (and we hear it often) is that there are simply too many required disclosures for the typical consumer to absorb and benefit from. The problem appears to be the volume of required disclosures, not the way they are worded or presented on the page. The proposed changes would do nothing to address this problem.

Expense and Disruption to Banks: While it is impossible to accurately project the cost of analyzing and implementing the proposed changes, it would undoubtedly be very large. In order to ensure compliance with these standards, we would first have to make subjective judgments about what the regulations actually require and how they should be applied to a wide range of documents. Then, thousands upon thousands of pages of loan, lease and deposit account documents would have to be reviewed in detail by compliance and legal staff trained in these standards. That review would necessarily be highly subjective, whether by guesswork as to the regulatory intention and/or in an abundance of caution to protect the entity as best as possible from predatory or frivolous litigation. As possibly "needed" changes were identified by this method, old documents would have to be removed from stock and from every branch location and replaced with new documents. Computer-prepared documents would have to be re-programmed into the various systems that produce them. Audit and compliance personnel would have to conduct reviews to ensure that this had all been accomplished properly. Secondary market transactions would be subject to higher scrutiny by assignees and rating agencies with an eye toward avoiding liability, and significant differences of opinion as to compliance would surely arise; all of which would in turn chill and increase the costs pertaining to the secondary and securitization markets. All of this effort would come at an enormous cost and risk that would eventually be passed on to customers and stockholders. And importantly, this effort would divert limited legal and compliance resources from other important work; work that provides significantly more benefit to consumers.

Same Objectives Can Be Achieved More Easily: The regulatory agencies already have at their disposal the means to achieve the same fundamental objectives in a much less risky, expensive and disruptive manner. Bank examiners routinely review disclosure documents in the course of compliance examinations. If the examiners find disclosures that that they believe are unclear or are not presented in a sufficiently prominent manner, they already have the ability to require the bank to change the disclosures. We have experienced this in our company with Federal Reserve Bank of Atlanta examiners. While there is a certain amount of expense and disruption involved in making changes in response to examiner comments, it is certainly less burdensome than undertaking a complete re-review of highly subjective standards as they relate to all disclosure documents. Further, it affords the bank an opportunity to intelligently discuss these issues and potential changes with the examiner, rather than subjecting itself to the risk of having to defend its disclosures in court against a legal challenge of dubious merit and intention.

In summary, we believe that the risks and burdens that would be imposed on banks far outweigh any public benefit that the rule changes would provide. To the extent that individual banks' disclosure practices do not meet the agencies' standards for clarity and conspicuousness, the agencies already possess the ability to address these situations on a targeted basis. Therefore, we urge the Board to withdraw these proposed changes completely.

We appreciate the opportunity to comment on this important issue. Should you have questions about this letter, please do not hesitate to contact the undersigned.

Very truly yours,

John P. Ehrensperger
Corporate Compliance Manager

xc: Mr. Andre Anderson, Federal Reserve Bank of Atlanta
Mr. Allen Stanley, Federal Reserve Bank of Atlanta